



---

**EMERGENCY MANAGER  
CITY OF DETROIT**

**ORDER No. 15**

**ORDER SUSPENDING CERTAIN CITY  
WRECKING REQUIREMENTS  
TO ADDRESS BLIGHT**

---

BY THE AUTHORITY VESTED IN THE EMERGENCY MANAGER  
FOR THE CITY OF DETROIT  
PURSUANT TO MICHIGAN'S PUBLIC ACT 436 OF 2012,  
KEVYN D. ORR, THE EMERGENCY MANAGER,  
ISSUES THE FOLLOWING ORDER:

---

*Whereas*, on March 28, 2013, Michigan Public Act 436 of 2012 ("PA 436") became effective and Kevyn D. Orr became the Emergency Manager ("EM") for the City of Detroit (the "City") with all the powers and duties provided under PA 436; and

Pursuant to section 9(2) of PA 436, the EM "shall act for and in the place and stead of" the Detroit Mayor and City Council; and

Section 9(2) of PA 436 also grants the EM "broad powers in receivership to rectify the financial emergency and to assure the fiscal accountability of the [City] and the [City's] capacity to provide or cause to be provided necessary governmental services essential to the public health, safety, and welfare;" and

Pursuant to section 10(1) of PA 436, the EM may "issue to the appropriate local elected and appointed officials and employees, agents, and contractors of the local government the orders the emergency manager considers necessary to accomplish the purposes of this act;" and

Section 12(1)(dd) of PA 436 authorizes the EM, "notwithstanding any charter provision to the contrary," to "[e]xercise solely, for and on behalf of the local government, all other authority and responsibilities of the chief administrative officer and

governing body concerning the adoption, amendment, and enforcement of ordinances or resolutions of the local government” as provided in the Michigan Home Rule City Act, Act 279 of 1909, Michigan Compiled Laws (“M.C.L.”) §§ 117.1 to 117.38 (the “Home Rule Act”); and

Section 3(k) of the Home Rule Act requires that the City’s charter provide for “adopting, continuing, amending, and repealing the city ordinances and for the publication of each ordinance before it becomes operative;” and

Section 12(1)(ee) of PA 436 authorizes the EM, “notwithstanding any charter provision to the contrary,” to “[t]ake any other action or exercise any power or authority of any officer, employee, department, board, commission, or other similar entity of the local government, whether elected or appointed, relating to the operation of the local government. The power of the [EM] shall be superior to and supersede the power of any of the foregoing officers or entities;” and

Section 12-11-20.1 of City Ordinance 290-H establishes a board of examiners for wrecking contractors (the “Board of Examiners”) and, pursuant to section 12-11-20.2 of City Ordinance 290-H, the Board of Examiners “is authorized to adopt rules and regulations necessary to make effective the wrecking contractor license provisions of [City Ordinance 290-H];” and

Section 12-11-20.4 of City Ordinance 290-H requires the Board of Examiners to “determine by written and oral examination the qualifications [of] an applicant” seeking to obtain a wrecking license for use in the City; and

Section 12-11-20.5 of City Ordinance 290-H requires contractors applying for wrecking licenses to show, among other things, “satisfactory proof to the [Board of Examiners] that [the contractor] has been actively engaged in the demolition and removal of structures for a period of at least three (3) years in a supervisory capacity;” and

Section 12-11-20.6 of City Ordinance 290-H classifies wrecking licenses as either a Class A License, which authorizes the contractor to “wreck all types [of] buildings or structures, including wood frame, masonry, steel frame and reinforced concrete buildings and structures [of] unlimited height,” or a Class B License, which authorizes the contractor to “wreck wood frame and solid masonry buildings and structures not to exceed three (3) stories and thirty-five (35) feet in height;” and

The City’s Buildings Safety and Engineering Department established a fee schedule, effective April 1, 2013 (the “Fee Schedule”), applicable to all licensed contractors working within City limits; and

Article 24 of Michigan Public Act 299 of 1980 (“PA 299”), M.C.L. § 339.101, *et seq.*, regulates, among others, occupations and activities relative to construction and wrecking activities; and



Section 2404(3) of PA 299 authorizes the Michigan Department of Licensing and Regulatory Affairs to issue a “residential maintenance and alteration contractor’s license to an applicant who, upon examination, qualifies for a license, which authorizes the licensee according to the applicant’s qualifications, crafts, and trades to engage in the activities of a residential maintenance and alteration contractor,” including, among other things, house wrecking (the “Michigan Residential Maintenance and Alteration License”); and

Section 2404b of PA 299 authorizes the Michigan Department of Licensing and Regulatory Affairs to issue a residential building license to a contractor who, among other things, engages in “the construction of a residential structure or a combination residential [] structure who...undertake[s] or purports to have the capacity to undertake with another for the...wrecking of, or demolition of, a residential structure...” (the “Michigan Residential Building License”); and

The City is experiencing severe and widespread blight. Nearly one-third of the City’s 139 square miles is empty or unused with some 80,000 vacant homes. This constitutes more than one-fifth of the City’s housing stock. This blight is an ongoing health and safety risk to every resident, fosters and facilitates crime and unemployment, encourages resident flight from the City, depresses property values and discourages investment in the City; and

The EM has determined that the City’s endemic blight creates a public emergency affecting life, health, property or the public peace and constitutes a “Blight Emergency;” and

The City receives funds from the United States Department of Housing and Urban Development in the form of Community Development Block Grants (“CDBG”). The regulations governing these funds expressly promote the elimination of slum and blight through a variety of activities, including, but not limited to, demolition of dangerous buildings. For fiscal year 2013-2014 the City received over \$33 million in CDBG funds and intends to utilize approximately \$3.3 million of these funds to address the Blight Emergency; and

Further, to assist the City in addressing its Blight Emergency, the Michigan State Housing Development Authority (the “MSHDA”) has earmarked a portion of the \$100 million of Troubled Asset Relief Program funds provided by the United States Department of the Treasury to combat the City’s Blight Emergency through MSHDA’s Hardest Hit Fund program (collectively, the “HHF Funds”); and

The Blight Emergency also is ameliorated in part under M.C.L. § 500.2227, which requires insurers to withhold a certain amount of real property insurance proceeds otherwise owed to insureds to be escrowed and retained by the City where the “loss to insured real property [located in the City is] due to fire, explosion, vandalism, malicious mischief, wind, hail, riot, or civil commotion” (such withheld insurance funds, the “Insurance Escrow”). M.C.L. § 500.2227(7) authorizes the City disburse Insurance

Escrow funds to “secure, repair, or demolish the damaged or destroyed structure and clear the property in question, so that the structure and property are in compliance with local code requirements and applicable ordinances” of the City (the “Insurance Funds”); and

The City established the Neighborhood Stabilization Program 3 (“NSP-3”) Plan to utilize funds released by the United States Department of Housing and Urban Development to stabilize the City’s neighborhoods most affected by foreclosure and abandonment, reverse the decline of housing values, eliminate blighted and abandoned structures and stimulate other investment in and around targeted neighborhoods (collectively, the “NSP-3 Funds”); and

The EM was appointed to, among other things, safeguard and assure the financial accountability of the City; provide or cause to be provided the necessary services essential to the public health, safety, and welfare; and prescribe remedial measures to address the City’s financial emergency. This requires the EM to address the City’s Blight Emergency as part of the City’s overall financial and operational restructuring; and

The EM has determined that compliance with certain aspects of City Ordinance 290-H imposes unnecessary costs and delays, which needlessly prolong the Blight Emergency. Additionally, the EM has determined that certain aspects of the Ordinance 290-H do not allow the City or contractors to quickly and efficiently combat the Blight Emergency, which further contributes to the public emergency affecting life, health, property or the public peace; and

The EM believes, at this point in time, that to more effectively address the Blight Emergency it is in the City’s best interests to allow holders of either a Michigan Residential Maintenance and Michigan Alteration License or Residential Building License (collectively, the “State Contractor”) to obtain a temporary license from the City for purposes of wrecking blighted and abandoned structures subject to the limits contained in this Order; and

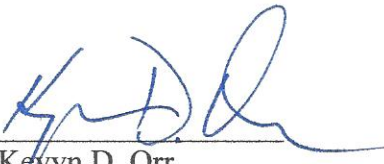
**It is hereby ordered that:**

1. Notwithstanding City Ordinance 290-H, the City’s Buildings Safety and Engineering Department and Board of Examiners shall issue a temporary Class B License to any State Contractor that presents both: (a) a valid and effective Residential Maintenance and Alteration License for house wrecking or Residential Building License (the “State Licenses”); and (b) a certified letter from the State Land Bank Fast Track Authority, Detroit Land Bank Authority, the Purchasing Division of the City’s Finance Department or Detroit Planning and Development Department indicating that such contractor has been awarded a contract that receives either CDBG, HHF Funds, Insurance Funds or NSP-3 Funds. Possession of the State Licenses is hereby deemed to satisfy the requirements of City Ordinance 290-H for purposes of obtaining a temporary Class B License pursuant to this Order.



2. Consistent with paragraph 1 of this Order, notwithstanding City Ordinance 290-H, the City's Buildings Safety and Engineering Department and Board of Examiners shall not subject a State Contractor to oral or written examination of qualifications pursuant to section 12-11-20.4 to obtain a temporary Class B License from the City.
3. Consistent with paragraph 1 of this Order, notwithstanding City Ordinance 290-H, the City's Building Safety and Engineering Department and Board of Examiners shall not require a State Contractor to submit satisfactory proof that, among other things, it has been engaged in the demolition and removal of structures in accordance with section 12-11-20.5 of City Ordinance 290-H to obtain a temporary Class B License from the City.
4. Before issuing a temporary Class B License to a State Contractor, the City's Buildings Safety and Engineering Department and Board of Examiners shall require each State Contractor to pay any applicable fees in accordance with the City's Fee Schedule.
5. All temporary Class B Licenses shall expire each year on December 31. Any State Contractor that wishes to continue its activities in the City must obtain a new temporary Class B License in accordance with the terms of this Order.
6. Except as expressly provided in this Order, all other City ordinances, regulations and requirements related to the receipt of a license or other authorization to conduct construction, wrecking, demolition or related activities shall remain in full force and effect.
7. If any component of this Order is declared illegal, unenforceable or ineffective by a court of competent jurisdiction, such component shall be deemed severable so that all other components contained in this Order shall remain valid and effective.
8. This Order is effective immediately upon the date of execution below and shall remain in full force and effect until the City's financial emergency has been rectified in accordance with section 22 of PA 436.
9. The EM may modify, amend, rescind, replace, supplement or otherwise revise this Order at any time.
10. This Order shall be distributed to the Mayor, City Council members and all department heads.

Dated: August 29<sup>th</sup>, 2013

By:   
Kevyn D. Orr  
Emergency Manager

City of Detroit

cc: State of Michigan Department of Treasury  
Mayor David Bing  
Members of Detroit City Council  
Director, Building Safety and Engineering Department  
Board of Examiners Members